

LNF & IHCIF Calculations Illustration **- HOLTON in Oklahoma area -**

Given Data

- 1,780 = 1998 user count
- \$2,980 = National average cost per person (not including wrap-around costs)
- 25% = % Expenditures on purchased services, 75% = % expenditures in-house
- 93.1% = Cost index for purchasing health care in this geographic area
- 127.5% = Size cost index for in-house costs due to small or large size
- 96.9% = Oklahoma area cost index for health status above or below average

Cost Adjustment Calculations

- \$686 per person for purchased services = $25\% * 93.1\% * \$2,980$
- \$2,861 per person for in-house services = $75\% * 127.5\% * \$2,980$
- \$3,546 per person total = \$686 (purchase) + \$2,861 (in-house)
- **\$3,438 per person total** adjusted for health status = $\$3,546 * 96.9\%$
- **\$2,693 per person net cost** = $\$3,438 - \745 Other resources (M&M&PI)

Existing Expenditures (for 1,780 users excluding wrap-around and collections)

- \$971 per person = local IHS allowance (excludes \$ for wrap-around)
- \$77 per person = expenditures elsewhere in Oklahoma area on behalf of area users
- \$54 per person = expenditures elsewhere in IHS on behalf of IHS users
- **\$1,102 per person for OU users** = $\$971 + \$77 + \$54$

LNF Calculation

- **32.1% Gross LNF** = $\$1,102$ (expenditures) / $\$3,438$ total cost (ignoring Medicare, Medicaid, PI spending on behalf of OU users)
- **40.9% Net LNF** = $\$1,102 / \$2,693$ net cost ($\$3,438 - \745 other)

IHCIF Allocation

- \$913,411 = \$ to raise LNF% from 40.9% to 60%
- \$258,040,100 = aggregate \$ to raise all locations to 60%
- 3.488% IHCIF fraction = $\$9,000,000$ fund / $\$258,040,100$ needed
- **\$31,860 Allocation** = $\$913,411$ needed for 60% * 3.488% IHCIF fraction

HOLTON Unmet Needs

- **\$4,792,667 Net Total Need** = $1,780$ users * $\$2,693$ net cost
- **\$2,830,478 Net Unmet Need** = $(100\% - 40.9\% \text{ LNF}) * 1,780$ users * $\$2,693$ net cost